

# **INDIANA HOUSING FINANCE AUTHORITY MORTGAGE CREDIT CERTIFICATE PROGRAM RESERVATION REQUEST PROCEDURES**

## ***Preliminary Eligibility Review***

Before making a reservation request, the Participating Lender is required to receive a fully executed Purchase Agreement and complete, with the borrower(s), the lender's mortgage loan pre-application form (1003). The Participating Lender should then determine if the home is located in a Targeted Area or Non-targeted Area and whether the borrower qualifies as to income, acquisition cost of the home and prior home ownership. **NOTE: YOU CANNOT RESERVE A LOAN THAT YOU CANNOT CLOSE IN YOUR OWN NAME, i.e. IF YOUR COMPANY CANNOT CLOSE A VA LOAN IN YOUR NAME DO NOT RESERVE IT, ETC. THE BORROWER CANNOT EXECUTE IHFA'S DOCUMENTS WITHOUT AN IHFA RESERVATION NUMBER.**

## ***Reservation Request***

Reservation requests are made by fax. IHFA's reservation fax number is (317) 233-2558. **The Reservation Checklist must be TYPED OR PRINTED LEGIBLY. A RESERVATION WILL NOT BE ACCEPTED FOR ANY RESERVATION CHECKLISTS THAT ARE ILLEGIBLE OR INCOMPLETE. All reservations will be accepted on a first-come first-serve basis and are always subject to availability of funds. IHFA will send out the information prior to the window opening of the exact number of reservations each lender's office may request the first week, second week, etc.** The Participating Lender must provide the following information at the time the reservation is made:

- (a) Lender's ID#
- (b) Borrower(s) name(s) (Last, First, Middle Initial)
- (c) Property Address
- (d) City, Zip, and County in which property is located
- (e) Whether the property is a new or existing residence
- (f) Whether the property is located in a Targeted Area or a Non-Targeted Area
- (g) Loan Type (FHA, VA, RD or One Down Conventional)
- (h) Borrower(s) social security number(s)
- (i) Purchase (Sales) Price
- (j) First Mortgage Amount **w/MIP** (if applicable)
- (k) Interest Rate
- (l) Borrowers yearly gross income
- (m) Co-Borrower's and anyone else residing in the household's yearly gross income;

IHFA will confirm the reservation number(s) by fax the next business day to the reservation contact on the Participation Agreement. If you do not receive confirmation of your reservation look over your reservation checklist to see if there is an error or an

omission. After correcting or completing the form re-fax it to IHFA. IHFA will not call you. It is your responsibility to send it in again. ***The reservation number should be listed on all correspondence and included in all inquiries concerning the reservation. The reservation number is also referred to as the Loan Tracking Number (LT). DO NOT USE THE SF NUMBER ON ANY CORRESPONDENCE.***

The reservation confirmation should be placed in the Borrower(s) file for future reference.

Within ten (10) days, or when the application package is submitted to IHFA for review the participating lender must furnish IHFA with:

- (a) A check (Borrower(s)' certified funds or Participating Lender's check) payable to the Authority for the applicable reservation fee. The reservation check will not be accepted unless the check is for the correct amount; and
- (b) A fully executed copy of the lender's pre-application form (1003).

Upon receipt of items a & b, IHFA will verify the correct fee has been submitted and that the amount reserved matches the loan amount on the Mortgage Loan Application (1003). IF EITHER THE FEE OR THE LOAN AMOUNT IS INCORRECT THE CHECK WILL BE RETURNED AND THE **DUE DATES WILL REMAIN INTACT**. Any reservation fee overage will be refunded with the processing fee after the MCC is issued.

### ***Cancellation***

The reservation fee and a copy of the application (1003) are due to IHFA by the tenth (10<sup>th</sup>) day after the reservation is made. If the required documents are not received by IHFA within ten (10) calendar days, the reservation will be canceled by IHFA. Refunds must be requested in writing and the refund will be sent to the lender who reserved the loan.

If the reservation is canceled by IHFA because the proper documentation was not received on time, the Participating Lender may request the reinstatement of the reservation. Such request must be made in writing. Reinstatement will be approved at IHFA's discretion and subject to the availability of funds, receipt of the application (1003), receipt of the reservation fee, and receipt of the reinstatement fee. The current fee schedule is listed in the back of this section.

**Once a reservation is canceled, the lender has thirty (30) days to reinstate the loan, subject to the availability of funds. If the loan is not reinstated by the thirtieth (30<sup>th</sup>) day, the reservation will be permanently canceled and no reinstatement will be possible.**

## **Modifications**

A Participating Lender must request, in writing, any change to a borrower(s') reservation, subject to the following conditions:

- (a) Mortgage amount increase request will be subject to the availability of funds, and will not be approved until IHFA receives the balance of the reservation fee due. Please include the purchase price & loan amount (original & revised) in your written request.
- (b) Change of Address. **Requests must be submitted in writing to IHFA along with a new reservation check list and must include the reason for the change. At IHFA's discretion, the file containing the "old address" will be canceled and a new reservation will be made for the "new address". Once the file has been reserved under the new address it will be considered a new reservation in all regards. A letter requesting the cancellation of the original address loan must accompany the request for the new address loan.**
- (c) IHFA will not allow a transfer of a reservation from one borrower to another.
- (d) IHFA will allow a transfer of a reservation from one Participating Lender to another. The original Participating Lender must submit a letter stating that the reservation and the reservation fees are to be transferred to the new Participating Lender. The new Participating Lender must submit a letter stating that they will accept the transfer of the reservation with a reservation request. The new Lender cannot close without an Approval Letter from IHFA with the new lender's name specified in the letter. The Loan Application will not "start over" in the IHFA processing system because of an approved lender change. **All due dates are to remain intact.**

## **Participating Lender's Cancellation of a Reservation**

If the Participating Lender determines that it will not close a loan for which it has received a reservation number, the Participating Lender should notify IHFA in writing as soon as possible. All refunds will be issued to the Participating Lender and mailed to the Participating Lender's contact (**checks will not be made out or mailed to the Borrower**). Reinstatement or extension fees are not refundable. To obtain a refund of the reservation fee, the following information must be included in the letter:

- (a) Borrower(s) name(s);
- (b) Reservation number (both first and second mortgages);
- (c) Property address;

- (d) Loan amount;
- (e) Amount of reservation fee submitted; and
- (f) Reason for cancellation.

**REFUND CHECKS ARE PROCESSED EVERY OTHER TUESDAY.**

***In Process Report***

On Thursday of every other week, IHFA will run an “In Process” report on the status of current reservations. This report will be mailed out on Friday afternoons to the person the Participating Lender has listed as its contact person on its Mortgage Credit Certificate Program Registration Form. Each Participating Lender is responsible for sharing this information with its loan processors and closers. The report is **intended to eliminate** the need for telephone calls to verify loan status, expiration dates, and fee status. This report should be used in conjunction with the Expiration Date Report.

***How to Read the In Process Report***

Stage 1 – This is the date the reservation was received at IHFA. Remember, you have ten (10) days from this date for IHFA to receive the Loan Application (1003) and the reservation fee.

Stage 3 – This is the date the application package was received by IHFA. You should refer to the Expiration Report Date to verify the date the application package is due.

Stage 4 – This is the date an IHFA underwriter reviewed the application package. When the application package is *approved*, an “A” will appear in Stage 4 (after the date). If the file is *pending*, a “P” will appear in Stage 4 (after the date) and the lender should expect to receive a *Missing Document Letter* stating why the file was pending.

Stage 5- This column is completed when the application package is approved. You should refer to the *Expiration Date Report* to verify the date the closing package is due to IHFA.

Stage 6 – This column is completed when the closing package is received by IHFA. If the closing package is approved, IHFA will issue a Mortgage Credit Certificate and the loan will no longer show up on this report.

Stage 8 – This column is completed when the closing package is *pending* by IHFA. IHFA will send the participating Lender a *Missing Document Letter* stating why the file was pending and what steps must be taken to correct the situation.

***Expiration Date Report***

This report will also be run every other Thursday and mailed out on Friday afternoon. This report indicates when the application or closing package is due to IHFA; it will not

tell you whether the application or closing package has been received, only its due date. To determine whether the application package has been received you must refer to the *In Process Report*, Stage 3. If an extension has been granted on the application package submission, this report will reflect the new due date.

***Canceled/Rejected/Transferred Report***

Loans are canceled every other Thursday and this report will be mailed every other Friday afternoon. This report only covers the previous fourteen (14) day period. You should retain past reports in a binder so that you have a complete report on all canceled reservations. If you do not receive a report, it means that no reservations were canceled/rejected/transferred in that fourteen (14) day period.

**INDIANA HOUSING FINANCE AUTHORITY**  
**Mortgage Credit Certificate Program**  
**2000 Program**  
**Fee Schedule**

***IHFA Reservation Fee:***

**1.00% of the Mortgage Amount**

***Extension Fee:***

Application Package Submission \$50.00 for one 30 day extension

Closing Package Submission 1/4 of 1% of the Mortgage Amount for one 30-day extension or if the closing package is received more than 30 days after the closing date.

There are no extensions for Reservation Fees, or an Application/Closing Missing Document Letter.

***Reinstatement Fees:***

Canceled Because:

Reservation Fee Late	\$100.00
Application Package Late/Canceled	\$100.00
Closing Package Late/Canceled	\$100.00

***Each time a loan is reinstated the fees will increase. First reinstatement on a file is \$100.00, second \$200.00, third \$300.00, etc.***

***IHFA Reservation Fee Refunds:***

The full 1.00% IHFA reservation fee will be refunded upon the Lender's request for cancellation of the reservation if the application package has not been reviewed by IHFA. **Reinstatement and extension fees cannot be paid by the borrower and are not refundable.**

If IHFA has reviewed the application package, 25% of the reservation fee will be retained by IHFA, and the remaining reservation fee received by IHFA will be refunded upon cancellation or denial to the lender.

***Participating Lender Fee Structure:***

Fees paid by the participating lender to IHFA for the Mortgage Credit Certificate Program are non-refundable and are as follows:

1. Fees will be collected from Participating Lenders at the beginning of 2000. Any lenders choosing to sign up later in the year will be required to pay fees at that

time. All Participating Lenders are required to execute the Mortgage Origination and Sales Agreement and Program Registration Form. A Program Registration Form must be executed for each participating branch. **Corporate offices of Participating Lenders may receive Program Guides and Bulletins without paying a fee by filling out a Program Registration Form and noting that they wish to receive mail only under the section “counties served”.**

2. **\$500 for the first originating office (main office)** (whether in state or out) of each affiliation. If the first originating office (main office) is in a Targeted Area, the fee is \$250.
3. \$250 for any secondary originating offices in addition to (1) above. If the secondary originating office is in a Targeted Area, the fee is \$125.
4. Fees may not exceed \$1500 per affiliation.